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6 **STATE OF WASHINGTON**
7 **OFFICE OF THE INSURANCE COMMISSIONER**

8
9 *In the Matter of*

10 **NEIL G. ANDERSON,**

11
12 Respondent.

Order No. 14-0181

WAOIC No. 2436

NPN No. 773117

13
14 **CONSENT ORDER**
15 **LEVYING A FINE**

16 This Consent Order is entered into by the Insurance Commissioner of the
17 State of Washington, acting pursuant to the authority set forth in RCW
18 and RCW 48.17.560 and RCW 48.17.530, and Neil G. Anderson, a
19 licensed producer.

20 **BASIS:**

21 1. Neil G. Anderson ("Anderson") is a sixty five-year-old
22 insurance producer licensed for life, disability, property, and casualty lines,
23 residing in Kent. He was first licensed on December 11, 1973. He has no
24 previous disciplinary history with the OIC. He is DLRP for ABA
25 Enterprises, Inc, dba Anderson and Company ("ABA"), in Renton (WAOIC
26 # 93532) first licensed as a business entity on July 1, 2009.

1 2. Anderson sold and serviced commercial policies insuring car
2 dealerships. The monthly premiums due varied depending on the risk
3 exposure situation of the dealership. The dealership reported to the insurer,
4 Harco National Insurance Company ("Harco") its exposures, and the
5 premium was then determined for the subsequent month. Anderson told the
6 OIC investigator that as a result of a new billing system that Harco started
7 in 2008, the lag time between billing and receipt of premium became
8 worrisome. Earlier, in 2007, Harco had Anderson execute an "Obligatory
9 Note" that Anderson understood to require him to reimburse Harco if a
10 client defaulted after having been insured for a period of time. This was not
11 a problem in 2007 because Harco then required the first month's premium
12 to be paid at the time of binding the policy. When the lag time in billing
13 became longer after Harco changed its billing process in 2008, Anderson
14 took it upon himself to require deposit premium from his clients to have a
15 cushion in the event of non-payment. The deposit was disclosed to the
16 client and all deposits were placed into ABA's premium trust account.
17 Anderson provided a list of premiums provided to ABA from August 2010
18 - January 2013 by 13 clients. The total premiums collected and held as a
19 deposit by ABA during that time period was \$97,743.83. No interest was
20 being collected in the trust account. Anderson and ABA are no longer
21 holding premiums in the trust account and Harco is no longer in the motor
22 vehicle dealership insurance business.

23 3. Anderson and ABA has always charged its Harco clients fees
24 under a brokerage arrangement. He said there is only one fee, and Harco
25 did not pay commissions to ABA. Anderson said from June 2008 - March
26

1 2012, ABA has collected approximately \$708,908 from approximately 32
2 clients. No fee forms were completed and given to the insureds.

3 4. RCW 48.17.270 (Effective 2009) states:

4 (3) If the compensation received by an insurance producer who
5 is dealing directly with the insured includes a fee, for each
6 policy, the insurance producer must disclose in writing to the
7 insured:

8 (a) The full amount of the fee paid by the insured;

9 (b) The full amount of any commission paid to the
10 insurance producer by the insurer, if one is received;

11 (c) An explanation of any offset or reimbursement of
12 fees or commissions as described in subsection (2)(c) of this
13 section;

14 (d) When the insurance producer may receive additional
15 commission, notice that states the insurance producer:

16 (i) May receive additional commission in the form of
17 future incentive compensation from the insurer, including
18 contingent commissions and other awards and bonuses based
19 on factors that typically include the total sales volume, growth,
20 profitability, and retention of business placed by the insurance
21 producer with the insurer, and incentive compensation is only
22 paid if the performance criteria established in the agency-
23 insurer agreement is met by the insurance producer or the
24 business entity with which the insurance producer is affiliated;
25 and
26

1 (ii) Will furnish to the insured or prospective insured
2 specific information relating to additional commission upon
3 request; and

4 (e) The full name of the insurer that may pay any
5 commission to the insurance producer.

6 (4) Written disclosure of compensation as required by
7 subsection (3) of this section shall be provided by the
8 insurance producer to the insured prior to the sale of the policy.

9 (5) Written disclosure as required by subsection (3) of
10 this section must be signed by the insurance producer and the
11 insured, and the writing must be retained by the insurance
12 producer for five years. For the purposes of this section,
13 written disclosure means the insured's written consent obtained
14 prior to the insured's purchase of insurance. In the case of a
15 purchase over the telephone or by electronic means for which
16 written consent cannot be reasonably obtained, consent
17 documented by the insurance producer shall be acceptable.

18 5. RCW 48.17.480(2) states that all funds representing premiums
19 or return premiums received by an insurance producer or title insurance
20 agent shall be so received in the insurance producer's or title insurance
21 agent's fiduciary capacity, and shall be promptly accounted for and paid to
22 the insured, insurer, title insurance agent, or insurance producer as entitled
23 thereto.

24 6. RCW 48.17.530(1)(b) permits the Commissioner to revoke,
25 suspend, place on probation a producer license and/or levy a fine for
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1 violating any insurance laws, or violating any rule, subpoena, or order of
2 the Commissioner.

3 7. RCW 48.17.530(1)(g) permits the Commissioner to revoke,
4 suspend, place on probation a producer license and/or levy a fine for having
5 admitted or been found to have committed any insurance unfair trade
6 practice or fraud.

7 8. RCW 48.17.530(1)(d) permits the Commissioner to revoke,
8 suspend, place on probation a producer license and/or levy a fine for
9 improperly withholding, misappropriating, or converting any moneys or
10 properties received in the course of doing insurance business.

11 9. RCW 48.17.560 authorizes the Commissioner to impose a fine
12 of not more than \$1,000 for each offense under the insurance code in
13 addition to license revocation, suspension, or refusal to renew.

14
15 **CONSENT TO ORDER:**

16 Neil G. Anderson, acknowledging his duty to comply fully with the
17 applicable laws of the State of Washington, consents to the following in
18 consideration of his desire to resolve this matter without further
19 administrative or judicial proceedings. The Insurance Commissioner consents
20 to settle the matter in consideration of his payment of a fine on such terms and
21 conditions as are set forth below.

22 1. Neil G. Anderson consents to the entry of this Order, waives any
23 and all hearing rights, and further administrative or judicial challenges to this
24 Agreed Order.
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1 2. By agreement of the parties, the Insurance Commissioner will
2 impose a fine of \$5,000.00 (Five Thousand Dollars) to be paid within thirty
3 days of the entry of this Order.

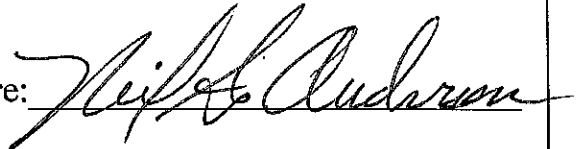
4 3. Neil G. Anderson understands and agrees that any future failure
5 to comply with the statutes that are the subject of this Order constitutes
6 grounds for further penalties, which may be imposed in direct response to
7 further violation.

8 4. Neil G. Anderson's failure to timely pay this fine and to adhere
9 to the conditions shall constitute grounds for revocation of his insurance
10 producer license, and shall result in the recovery of the fine through a civil
11 action brought on behalf of the Insurance Commissioner by the Attorney
12 General of the State of Washington.

13
14 EXECUTED this 29 day of September, 2014.

15
16 NEIL G. ANDERSON

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18 Signature:



19
20 Printed Name:

Neil G. Anderson


1 **ORDER**

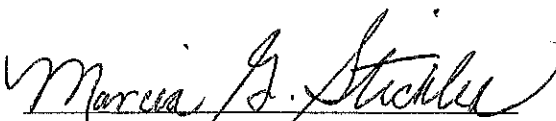
2 Pursuant to the foregoing, the Insurance Commissioner hereby Orders as
3 follows:

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5 1. Neil G. Anderson shall pay a fine in the amount of \$5,000.00
6 (Five Thousand Dollars) to be paid within thirty days of the entry of this
7 Order.

8
9 2. Neil G. Anderson's failure to timely pay this fine and to adhere
10 to the conditions shall constitute grounds for revocation of his insurance
11 producer license, and shall result in the recovery of the fine through a civil
12 action brought on behalf of the Insurance Commissioner by the Attorney
13 General of the State of Washington.

14
15 ENTERED AT TUMWATER, WASHINGTON, this 1 day of
16 October, 2014.

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18 
19 MIKE KREIDLER
20 Insurance Commissioner

21
22 By 
23 Marcia G. Stickler
24 Insurance Enforcement Specialist
25 Legal Affairs Division
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